*"There is absolutely no reason some of the richest partnerships in the world should be able to rip off American taxpayers because of a gaping tax loophole."*
Washington, DC - Rep. Peter Welch introduced legislation in the U.S. House today to close a tax loophole that allows certain publicly traded partnerships to avoid paying billions of dollars in taxes.

Welch's legislation, H.R. 2785, takes aim at publicly traded partnerships that, due to their status as "partnerships" rather than "corporations," qualify for special tax treatment and avoid paying their fair share of taxes.

The legislation would tax as corporations all publicly traded partnerships that directly or indirectly derive income from investment adviser or asset management services. The effective date of his bill would be today, June 20, 2007.

Welch introduced the legislation in response to a June 16 article in The New York Times, documenting the gross inequity.

"None of us like taxes, but all of us are obligated to pay our fair share. There is absolutely no reason some of the richest partnerships in the world should be able to rip off American taxpayers because of a gaping tax loophole. Furthermore, they should not enjoy a competitive advantage over a corporation that pays its share," said Welch. "This is a simple matter of tax fairness."

The New York Times reported that Goldman Sachs reported second quarter earnings of $3.4 billion and paid $1.1 billion in taxes, representing a 32 percent corporate income tax on its profits. In contrast, the Blackstone Group - a private equity firm with plans to go public conducting similar business as Goldman Sachs - in the first quarter earned $1.1 billion and paid just $14 million in taxes, a rate of only 1.3 percent.

Welch pointed out that while an average Vermont family pays 13.4 percent in federal taxes and a corporation like Goldman Sachs pays 34 percent in corporate taxes, a partnership like Blackstone paid just 1.3 percent in taxes and would retain special treatment after going public ( SEE CHARTS BELOW ).

Currently, corporations are subject to corporate taxes, and shareholders pay taxes on distributions from the corporation. In the case of partnerships, partners are only taxed on their distributive shares of income, thus avoiding billions of dollars in corporate taxes.

In addition to being a matter of simple tax fairness, Welch argues that the loophole provides an incentive for an erosion of the corporate tax income base, impacting all taxpayers.

Similar legislation was introduced in the U.S. Senate last week by Senators Max Baucus (D-MT) and Charles Grassley (R-IA).

Click here to view the tax charts comparing a typical Vermont family, Goldman Sachs, and Blackstone.

The New York Times story can be found here: http://www.nytimes.com/2007/06/16/business/16tax.html?em&ex=1182139200&en=7c589e354a3f541e&ei=5087%0A